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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

2006 SEP 26 P 2:16

JEFF HATCH-MILLER, Chairman
WILLIAM A. MUNDELL
MIKE GLEASON
KRISTIN K. MAYES
BARRY WONG

AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF:

DOCKET NO. S-20442A-06-0110

Mid America Energy, Inc.,
a Nevada Corporation
129 Haven Street, Unit A
Hendersonville, TN 37075

Mid America Oil & Gas
A Tennessee Limited Liability Company
2023 Earl Pearce Cir.
Mount Juliet, TN 37122-1328

Gary M. Milby a.k.a
Gary Moss Milby a/k/a
Gary M. Milby and
Wanda Milby
husband and wife
129 Haven Street, Unit A
Hendersonville, TN 37075

Jim and Rita Whatcott,
husband and wife
129 Haven Street, Unit A
Hendersonville, TN 37075

John and Lucille Blitz
husband and wife
129 Haven Street, Unit A
Hendersonville, TN 37075

Clinton Goff a/k/a Clint Goff,
an unmarried man
321 Victor Reiter Parkway
Portland, TN 37148

Warren Exploration, LLC
A Nevada Limited Liability Company
321 Victor-Reiter Parkway
Portland, TN 37148

Energy Marketing, Inc.
A Nevada Corporation
129 Haven Street, Unit A
Hendersonville, TN 37075

Respondents.

Arizona Corporation Commission
DOCKETED

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SEVENTH
PROCEDURAL ORDER

1 **BY THE COMMISSION:**

2 On February 28, 2006, the Securities Division ("Division") of the Arizona Corporation
3 Commission ("Commission") filed a Temporary Order to Cease and Desist ("T.O.") and a Notice of
4 Opportunity for Hearing ("Notice") against Mid America Energy, Inc. ("MAE"), Mid America Oil &
5 Gas ("MAO&G"), Gary M. Milby a/k/a Gary Moss Milby a/k/a Gary M. Milley and Jane Doe Milby,
6 husband and wife, Jim and Jane Doe Whatcott, husband and wife, John and Jane Doe Blitz, husband
7 and wife (collectively "Respondents"), in which the Division alleged that the Respondents committed
8 multiple violations of the Arizona Securities Act ("Act") in connection with the offer and sale of
9 securities in the form of investment contracts. As a result of the T.O., the Respondents were
10 immediately ordered to cease and desist from violating the Act.

11 Respondents were duly served with copies of the Notice.

12 On March 27, 2006, Respondents filed a request for hearing. Answers were also filed.

13 On March 28, 2006, by Procedural Order, a pre-hearing conference was scheduled for April
14 20, 1006.

15 On April 20, 2006, at the pre-hearing, the Division and Respondents appeared with counsel.
16 After a brief discussion of the issues raised by the T.O. and Notice, the parties agreed that another
17 pre-hearing be scheduled.

18 On April 21, 2006, by Procedural Order, another pre-hearing conference was scheduled for
19 July 18, 2006.

20 On July 18, 2006, the Division and Respondents appeared through counsel. The Division
21 indicated that a parallel proceeding may be brought and the T.O. and Notice may be amended. The
22 Division and the parties stipulated to a hearing being scheduled in October. By Procedural Order, a
23 hearing was scheduled to commence on October 24, 2006.

24 On August 14, 2006, the Division filed a Motion to Amend the T.O. and Notice ("Motion").
25 Attached to the Motion as Exhibit "A" was a copy of the Proposed First Amended T.O. and Notice
26 which corrects the names of the spouses of certain previously named Respondents, names additional
27 Respondents, and adds additional allegations. There have been no objections filed to the Division's
28 Motion.

1 On September 6, 2006, by Procedural Order, the Division's Motion was granted and the
2 Division was ordered to file and serve the Amended T.O. and Notice upon all parties and the
3 additional named Respondents.

4 On September 8, 2006, the Division filed the Amended T.O. and Notice. The Division also
5 filed a Motion to Continue the Administrative Hearing previously scheduled for October 24 and 25,
6 2006, requesting that at least three days be allocated for any new hearing that is scheduled. The
7 Division further requested the exchange of witness lists and copies of exhibits by the parties be
8 delayed in light of the Division's Motion to Continue.

9 On September 12, 2006, by Procedural Order, the Division's Motion to Continue was granted
10 and the exchange of witness lists and copies of exhibits was ordered held in abeyance pending the
11 rescheduling of the hearing. The Division was further ordered to file certification of service upon the
12 additional parties to the proceeding after which further proceedings would be scheduled.

13 On September 22, 2006, counsel for MAE, MAO&G and Mr. and Mrs. Gary Milby filed what
14 was captioned "Notice of Withdrawal As Counsel of Record" ("Withdrawal Notice"). The
15 Withdrawal Notice neither complies with A.A.C. R14-3-104 nor E.R. 1.16. The Commission's Rule
16 and the Rules of Professional Conduct of the Arizona Supreme Court should be complied with to
17 properly withdraw from the proceeding.

18 Accordingly, counsel for MAE, MAO&G and Mr. and Mrs. Milby should file an application
19 to withdraw which establishes good cause consistent with A.A.C. R14-3-104 and E.R. 1.16 and
20 should also provide reasonable notice to their clients of their intended action.

21 IT IS THEREFORE ORDERED that counsel for Mid America Energy, Inc., Mid America Oil
22 and Gas, and Mr. and Mrs. Milby shall file an application to withdraw which establishes good cause
23 and meets the requirements of A.A.C. R14-3-104 and E.R. 1.16 with certification that notice has been
24 provided to their clients of their intended withdrawal.

25 IT IS FURTHER ORDERED that the application to withdraw shall also include a current
26 address for Mid America Energy, Inc., Mid America Oil and Gas and Mr. and Mrs. Milby.

27 ...

28 ...

1 IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend, or waive
2 any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

3 Dated this 26th day of September, 2006

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6 
MARCE STERN
ADMINISTRATIVE LAW JUDGE


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8 Copies of the foregoing mailed/delivered
this 26 day of September, 2006 to:

9 Don Bivens
10 Paul L. Stoller
11 SNELL & WILMER
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Phoenix, AZ 85004
Attorney for Mid America Energy, Inc.,
Mid America Oil and Gas
and Mr. and Mrs. Gary Milby

14 Michael R. Ross
15 GALLAGHER & KENNEDY
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Attorneys for Mr. and Mrs. Jim Whatcott
and Mr. and Mrs. John Blitz

17 Matt Neubert, Director
18 Securities Division
19 ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, AZ 85007

20
21 By:


22 Molly Johnson
23 Secretary to Marc E. Stern
24
25
26
27
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